

## Ocean Energy Bureau, Interior

## § 253.13

applicant must submit Form MMS-1016 and agree to demonstrate OSFR on behalf of all the responsible parties.

(2) If you are a designated applicant who is not a responsible party, you must agree to be liable for claims made under OPA jointly and severally with the responsible parties.

(b) The designated applicant for a COF on a lease must be either:

(1) A lessee; or

(2) The designated operator for the OCS lease under 30 CFR 250.143 or the unit operator designated under a Federally approved unit including the OCS lease. For a lease or unit not in the OCS, the operator designated under the lease or unit operating agreement for the lease may be the designated applicant only if the operator has agreed to be responsible for compliance with all the laws and regulations applicable to the lease or unit.

(c) The designated applicant for a COF on a permit must be the permittee.

(d) The designated applicant for a COF on a RUE must be the holder of the RUE or, if there is a pipeline on the RUE, the owner or operator of the pipeline.

(e) MMS may require the designated applicant for a lease, permit, or RUE to be a person other than a person identified in paragraphs (b) through (d) of this section if MMS determines that a person identified in paragraphs (b) through (d) cannot adequately demonstrate OSFR.

(f) If you are a responsible party and you fail to designate an applicant, then you must demonstrate OSFR under the requirements of this part.

[63 FR 42711, Aug. 11, 1998, as amended at 64 FR 72794, Dec. 28, 1999]

### § 253.12 May I ask MMS for a determination of whether I must demonstrate OSFR?

You may submit to MMS a request for a determination of OSFR applicability. Address the request to the office identified in § 253.45. You must include in your request any information that will assist MMS in making the determination. MMS may require you to submit other information before making a determination of OSFR applicability.

### § 253.13 How much OSFR must I demonstrate?

(a) The following general parameters apply to the amount of OSFR that you must demonstrate:

If you are the designated applicant for	Then you must demonstrate
Only one COF .....	The amount of OSFR that applies to the COF.
More than one COF .....	The highest amount of OSFR that applies to any one of the COFs.

(b) You must demonstrate OSFR in the amounts specified in this section:

(1) For a COF located wholly or partially in the OCS you must demonstrate OSFR in accordance with the following table:

COF worst case oil-spill discharge volume	Applicable amount of OSFR
Over 1,000 bbls but not more than 35,000 bbls .....	\$35,000,000
Over 35,000 but not more than 70,000 bbls .....	70,000,000
Over 70,000 but not more than 105,000 bbls .....	105,000,000
Over 105,000 bbls .....	150,000,000

(2) For a COF not located in the OCS you must demonstrate OSFR in accordance with the following table:

COF worst case oil-spill discharge volume	Applicable amount of OSFR
Over 1,000 bbls but not more than 10,000 bbls .....	\$10,000,000
Over 10,000 but not more than 35,000 bbls .....	35,000,000
Over 35,000 but not more than 70,000 bbls .....	70,000,000
Over 70,000 but not more than 105,000 bbls .....	105,000,000
Over 105,000 bbls .....	150,000,000

(3) The Director may determine that you must demonstrate an amount of OSFR greater than the amount in paragraphs (b)(1) and (2) of this section based on the relative operational, environmental, human health, and other risks that your COF poses. The Director may require an amount that is one or more levels higher than the amount indicated in paragraph (b)(1) or (2) of this section for your COF. The Director will not require an OSFR demonstration that exceeds \$150 million.

(4) You must demonstrate OSFR in the lowest amount specified in the applicable table in paragraph (b)(1) or (b)(2) for a facility with a potential worst case oil-spill discharge of 1,000 bbls or less if the Director notifies you

## § 253.14

## 30 CFR Ch. II (7–1–11 Edition)

in writing that the demonstration is justified by the risks of the potential oil-spill discharge.

### § 253.14 How do I determine the worst case oil-spill discharge volume?

(a) To calculate the amount of OSFR you must demonstrate for a facility under § 253.13(b), you must use the worst case oil-spill discharge volume that you determined under whichever of the following regulations applies:

(1) 30 CFR part 254—Response Plans for Facilities Located Seaward of the Coast Line, except that the volume of the worst case oil-spill discharge for a well must be four times the uncontrolled flow volume that you estimate for the first 24 hours.

(2) 40 CFR part 112—Oil Pollution Prevention; or

(3) 49 CFR part 194—Response Plans for Onshore Oil Pipelines.

(b) If you are a designated applicant and you choose to demonstrate \$150 million in OSFR, you are not required to determine any worst case oil-spill discharge volumes, since that is the maximum amount of OSFR required under this part.

### § 253.15 What are my general OSFR compliance responsibilities?

(a) You must maintain continuous OSFR coverage for all your leases, permits, and RUEs with COFs for which you are the designated applicant.

(b) You must ensure that new OSFR evidence is submitted before your current evidence lapses or is canceled and that coverage for your new COF is submitted before the COF goes into operation.

(c) If you use self-insurance to demonstrate OSFR and find that you no longer qualify to self-insure the required OSFR amount based upon your latest audited annual financial statements, then you must demonstrate OSFR using other methods acceptable to MMS by whichever of the following dates comes first:

(1) Sixty calendar days after you receive your latest audited annual financial statement; or

(2) The first calendar day of the 5th month after the close of your fiscal year.

(d) You may use a surety bond to demonstrate OSFR. If you find that your bonding company has lost its state license or has had its U.S. Treasury Department certification revoked, then you must replace the surety bond within 15 calendar days using a method of OSFR that is acceptable to MMS.

(e) You must notify MMS in writing within 15 calendar days after a change occurs that would prevent you from meeting your OSFR obligations (e.g., if you or your indemnitor petition for bankruptcy under Chapters 7 or 11 of Title 11, U.S.C.). You must take any action MMS directs to ensure an acceptable OSFR demonstration.

(f) If you deny payment of a claim presented to you under § 253.60, then you must give the claimant a written explanation for your denial.

[63 FR 42711, Aug. 11, 1998; 63 FR 48578, Sept. 11, 1998]

## Subpart C—Methods for Demonstrating OSFR

### § 253.20 What methods may I use to demonstrate OSFR?

As the designated applicant, you may satisfy your OSFR requirements by using one or a combination of the following methods to demonstrate OSFR:

(a) Self-insurance under §§ 253.21 through 253.28;

(b) Insurance under § 253.29;

(c) An indemnity under § 253.30;

(d) A surety bond under § 253.31; or

(e) An alternative method the Director approves under § 253.32.

### § 253.21 How can I use self-insurance as OSFR evidence?

(a) If you use self-insurance to satisfy all or part of your obligation to demonstrate OSFR, you must annually pass either a net worth test under § 253.25 or an unencumbered net asset test under § 253.28.

(b) To establish the amount of self-insurance allowed, you must submit evidence of your net worth under § 253.23 or evidence of your unencumbered assets under § 253.26.

(c) You must identify a U.S. agent for service of process.